



# Capitol Hill Weekly

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Federal Legislative & Regulatory Services

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***This update reflects facts as of Monday morning, June 8, 2026. The situation is fluid and may change.***

The Senate advanced last week the pending reconciliation bill to provide funding for immigration enforcement. It now moves to the House, where passage seems likely, as does more talk of another possible reconciliation bill. Legislation to extend the soon-expiring foreign surveillance provision of the Foreign Intelligence Surveillance Act (FISA), already vexing Congress, has encountered a new obstacle. There may also be discussion this week of two measures passed by the House, one to provide aid to Ukraine and the other a war powers resolution. And the Chairman of the Ways and Means Committee has opened the discussion of taxation of cryptocurrency by releasing draft legislation.

**Reconciliation legislation.** The Senate narrowly passed a budget reconciliation bill to provide \$70 billion to fund Immigration and Customs Enforcement and Customs and Border Protection for three years. It did so, however, only after narrowly defeating a motion to send the bill back to committee and block the President's proposed \$1.8 billion anti-weaponization fund. The 50-49 vote, held open over three hours, followed assurances by the Attorney General that the fund would not "move forward." Passage by the House this week seems likely, along partisan lines.

Passage of the reconciliation bill will undoubtedly lead to further discussion of another reconciliation bill. The composition of such a bill, however, is not entirely clear. The President has requested \$350 billion in defense spending over and above the annual appropriation, and additional defense funding may soon be under consideration to offset the cost of the military action in Iran. Democratic opposition seems likely, however, and members on both sides may be concerned about the magnitude of such additions to deficits. Indeed, even apart from the additional spending, some House Republicans are already calling for reduced social welfare spending to begin to address the growing national debt. These considerations will present serious obstacles to a reconciliation bill.

The addition of tax provisions to a new reconciliation bill should be expected to be part of the discussion. There are any number of pending proposals to extend expired and expiring preferences such as the Work Opportunity Tax Credit, to address double-taxation of business with Taiwan, and to make adjustments to the One Big Beautiful Bill, such as repealing the

limitation on deductions for gambling losses. These proposals do not seem sufficiently compelling alone or together to provide the needed impetus for a reconciliation bill, but might be added to reconciliation legislation, should there be agreement on defense spending or other matters. Many of these tax proposals do, however, enjoy some level of bipartisan support, opening at least the possibility they might be addressed in year-end legislation, if not in a reconciliation bill.

**FISA extension.** A temporary extension of section 702, which provides for warrantless surveillance of foreign persons, expires on June 12. A three-year extension passed by the House has stalled in the Senate. The House added a controversial provision that would prevent the Federal Reserve from issuing its own digital currency. More importantly, however, bipartisan concerns have been raised on both sides of the Hill over the surveillance authority.

**Ukraine aid.** The House voted 226-195 to pass a bill to provide about \$9 billion in direct aid and loans to Ukraine. The vote came after an absolute majority of 218 House members signed a discharge petition to force a vote over the opposition of the Republican House leadership. It is unclear what plans the Senate has for the legislation. Passage by the Senate, however, would likely be met with a presidential veto. Congressional action seems intended as messaging support for the provision of additional aid to Ukraine.

**War powers resolution.** After several previous failed attempts, the House passed a war powers resolution last week 215-208, as four Republicans voted with all Democrats. The Senate has passed a procedural motion to take up the resolution, 50-47, but final passage is uncertain. A veto is virtually assured, in any case, but like the Ukraine aid bill, the Congressional action seems intended as a statement of disapproval for the Iran action.

**Cryptocurrency.** Legislation to regulate cryptocurrency remains mired in committee. Issues such as consumer protection, money laundering, and government ethics are the subject of continuing negotiations. More troublesome is the issue of payment of “yields” on stablecoins. These payments have drawn adamant opposition from banks, which perceive this as an infringement on interest-paying deposits.

Nevertheless, perhaps growing anxious to begin what may be an extended negotiation of complex regulatory issues, the Ways and Means Committee has opened the consideration of related tax legislation. The Chairman released several bills that address different aspects of the cryptocurrency market in advance of a planned hearing this week. These bills have not, however, been formally introduced; instead, they have been labeled “discussion drafts,” indicating they are not necessarily thought to be finished products, but intended as invitations for comment and suggestions for change. That discussion may continue for some time, given the slow progress on developing a regulatory framework for the market.

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